THE HAMILTON HARBOUR COMMISSIONERS

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ANNUAL REPORT

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The Hamilton
Harbour
Commissioners

J.L. Agro, Q.C.
Chairman

P.G. Lush
Commissioner

D.M. Beattie
Commissioner

R.R. Hennessy, P.Eng.
Port Director

Five Year Summary

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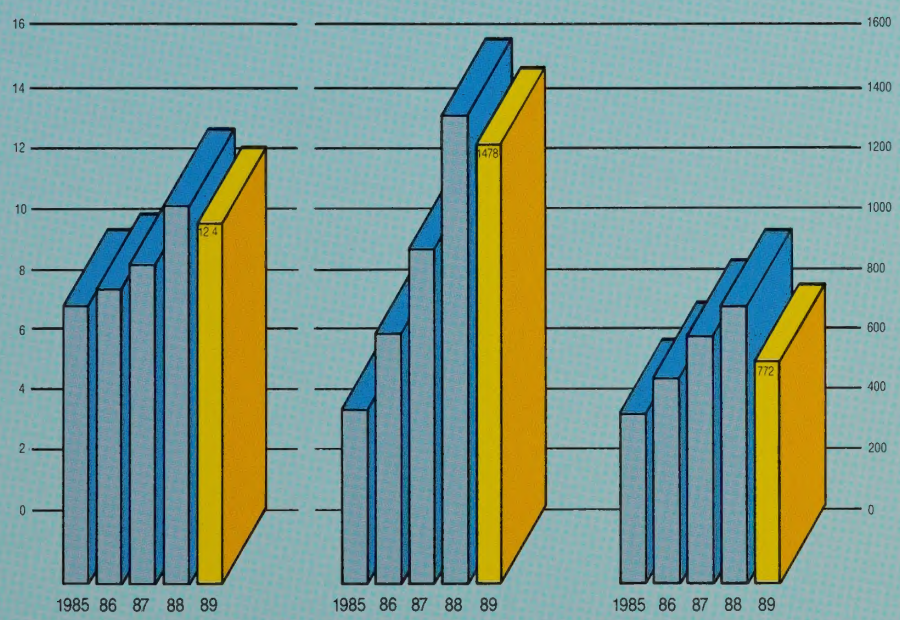
GOVERNMENT DOCUMENTS



Total Tonnage
(metric tonnes in millions)

Overseas Tonnage
(metric tonnes in thousands)

Vessel Arrivals
(number of ships)

MESSAGE FROM THE CHAIRMAN AND PORT DIRECTOR

The Port of Hamilton enjoyed a very successful shipping season in 1989, although tonnage statistics did not quite hold up to 1988 levels.

A total of 12,450,224 tonnes of cargo was handled in the Port during 1989; 1,478,134 tonnes were shipped directly on "salties" to or from overseas destinations, while 10,972,090 tonnes was Canadian and U.S. cargo carried primarily by the "lakes" fleet.

A total of 772 commercial ships loaded or discharged at the Port during the year.

The decline in tonnage from the record levels of 1988 was marginal; perhaps a reflection of a slight down turn in the general economy and of inventory adjustments of industries located in the Harbour. This notwithstanding, the Port experienced a successful year, posting the third best overall tonnage of the past decade and the second best overseas cargo tonnage in our history — a fitting way to end the 1980's.

The Port of Hamilton acknowledges and thanks the community of waterfront industries and our broad base of loyal customers for their ongoing support, which contributed so much to our success in 1989.

The 1989 navigation season was opened on April 1st by the M.V. "Canadian Explorer" arriving at Dofasco with coal. The first overseas vessel entered Port on April 5th, the tanker "Stolt Castle" discharging jet fuel at the Montank terminal on Pier 11.

Ore and coal, as always, topped the commodity list for cargo type at the Port. Steel remained the predominant type of overseas cargo, however, good growth was experienced in liquid bulk tonnage.

We would like to welcome Central Soya of Canada Ltd. to the Port. This Company recently purchased the existing oil processing plant at Pier 11. They make a valuable addition to the Port's strength in servicing agricultural markets.

The Commissioners continued with our East Port Development in 1989, construction commenced on Stage 2 of the Pier 26 wharf. This project will add approximately 800 feet of seaway draft berthage to the Port's inventory and is scheduled for completion by the opening of the 1990 navigation season. During the year, the Commissioners expended a total of $3.3 million dollars on new Port construction and the purchase of cargo handling equipment.

As the project managers for the Windermere Basin Rehabilitation, the Commissioners awarded and supervised $3.5 million dollars of construction on behalf of a multi-government funding consortium for this important environmental enhancement project. The clean up of the 100 acre basin progressed rapidly in 1989 with a substantial portion of the dredging completed by year end.

In 1989, the Commissioners opened their new small craft launching ramp adjacent to the Burlington Ship Canal. This facility provides boating access to both Hamilton Harbour and

Lake Ontario. It is used by recreational boaters and, on an increasing basis, sport fishermen. Over 5,000 boaters launched their vessels at this ramp during its initial year of operation.

Still on the recreational front, the Commissioners sailing school had an equally busy season with some 3,250 students, youth and adult alike; enrolled in our various programs.

The Commissioners' 235 berth small craft marina, as usual, was full to capacity during the 1989 boating season. Our on-shore service and repair facilities experienced a correspondingly busy time. Given the demand for small craft slips, the Commissioners, in 1989, announced plans to expand this marina by some 300 slips.

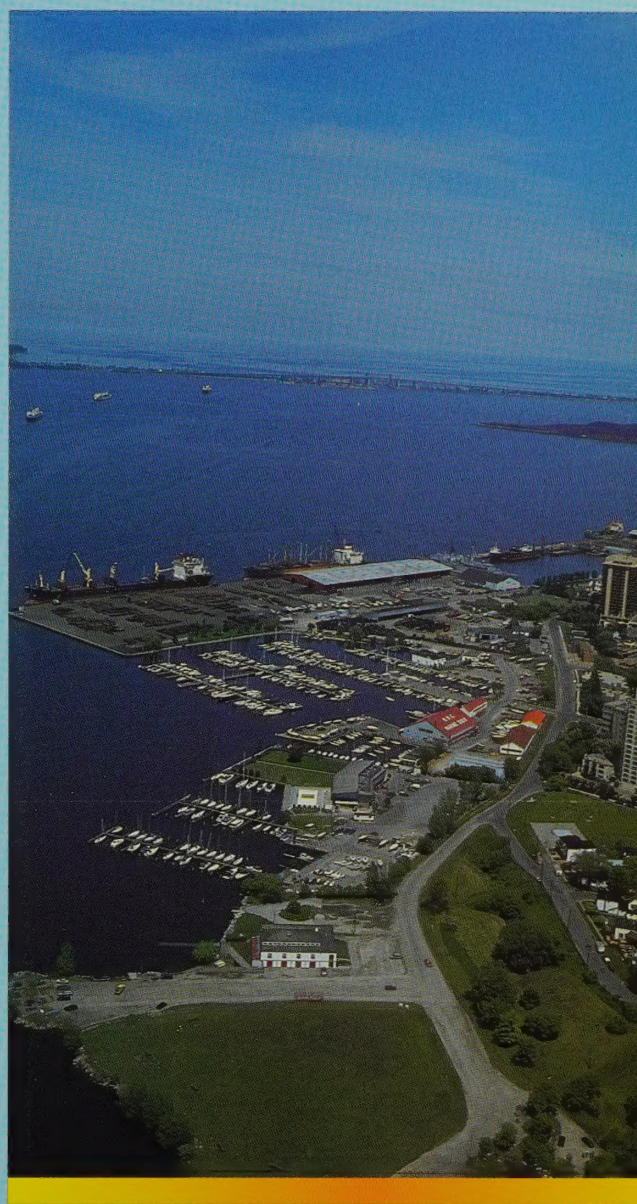
The Port of Hamilton produced, in 1989, an economic impact report in an attempt to quantify the true economic significance of the Port and our waterfront industries. The results were truly amazing with the study showing that for the year 1988, waterfront industries in Hamilton Harbour accounted for $4.3 billion dollars in direct expenditures and some 24,500 jobs. The significance of these numbers in terms of our regional economy, and indeed, that of Canada, is not to be underestimated. This study will be a valuable tool to the Commissioners and other agencies in the future planning and development of Hamilton Harbour.

We would like to thank our Port staff and our labour force for their contribution towards the success of the 1989 season.

We would like to recognize and thank the Board of Commissioners, Mr. Peter Lush and Mr. Duncan Beattie, for their efforts and assistance in 1989.

As Chairman of the Board, I will be retiring at the end of this year. I have truly enjoyed my association with the Port over these past thirteen years. I welcome Mr. Peter Peterson who will be joining the Board next year as a federal appointee.

We are happy to report that The Port of Hamilton at the end of 1989, continues to be financially strong, competitive, and customer and community oriented. It is from this base that we looked forward to building the Port of the 1990's.



R.R. Hennessy, P.Eng.
Port Director

J.L. Agro, Q.C.
Chairman

BALANCE SHEET

DECEMBER 31, 1989

ASSETS

	1989	1988
CURRENT		
Cash	$ 234,875	$ 524,332
Accounts receivable	1,534,997	1,482,117
Accrued interest receivable	778,056	551,150
Inventory	62,787	70,286
Prepaid expenses	46,176	22,867
	2,656,891	2,650,752
EQUIPMENT LOAN (note 2)	460,000	
INVESTMENTS APPROPRIATED FOR FUTURE HARBOUR IMPROVEMENTS (note 3)	14,100,000	12,406,964
FIXED (note 4)	36,565,482	34,500,578
TOTAL ASSETS	$53,782,373	$49,558,294

LIABILITIES

CURRENT		
Accounts payable and accrued liabilities	$ 618,375	$ 466,023
Current portion of long-tem debt	50,000	50,000
	668,375	516,023
LONG-TERM (note 5)	475,000	525,000
TOTAL LIABILITIES	1,143,375	1,041,023

CAPITAL

GENERAL CAPITAL	38,538,998	36,110,307
RESERVE FOR FUTURE HARBOUR IMPROVEMENTS (note 3)	14,100,000	12,406,964
TOTAL CAPITAL	52,638,998	48,517,271
	$53,782,373	$49,558,294

STATEMENT OF GENERAL CAPITAL

FOR THE YEAR ENDED DECEMBER 31, 1989

	1989	1988
GENERAL CAPITAL – Beginning of year	$36,110,307	$34,999,351
EXCESS OF REVENUE OVER EXPENSE FOR THE YEAR	4,121,727	4,092,720
	40,232,034	39,092,071
ALLOCATION TO RESERVE FOR FUTURE HARBOUR IMPROVEMENTS	1,693,036	2,981,764
GENERAL CAPITAL – End of year	$38,538,998	$36,110,307

STATEMENT OF REVENUE AND EXPENSE

FOR THE YEAR ENDED DECEMBER 31, 1989

	1989	1988
REVENUE		
Operating revenue	$ 9,501,628	$ 9,965,161
Other	1,930,698	1,285,392
	11,432,326	11,250,553
OPERATIONS		
Operating expense	3,653,471	3,836,208
Depreciation of docks, buildings and equipment	1,352,949	1,313,000
	5,006,420	5,149,208
GROSS OPERATING MARGIN	6,425,906	6,101,345
ADMINISTRATIVE, OFFICE AND GENERAL	2,280,976	1,983,359
INTEREST ON LONG-TERM DEBT	23,203	25,266
	2,304,179	2,008,625
EXCESS OF REVENUE OVER EXPENSE FOR THE YEAR	$ 4,121,727	$ 4,092,720

AUDITOR'S REPORT

To The Hamilton Harbour Commissioners

We have examined the balance sheet of The Hamilton Harbour Commissioners as at December 31, 1989 and the statements of revenue and expense, general capital and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances. Our audit complies with the provisions of The Hamilton Harbour Commissioners Act.

In our opinion, these financial statements present fairly the financial position of The Hamilton Harbour Commissioners as at December 31, 1989 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Hamilton, Canada
April 30, 1990

Pannell Kerr MacGillivray
Chartered Accountants

STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE YEAR ENDED DECEMBER 31, 1989

	1989	1988
OPERATIONS		
Excess of revenue over expense	$ 4,121,727	$ 4,092,720
Items not affecting working capital		
Depreciation	1,352,949	1,313,000
Net loss (gain) on fixed asset disposals	(475)	879
Working capital derived from operations	5,474,201	5,406,599
Decrease (increase) in working capital –		
Accounts receivable	(512,880)	(239,553)
Accrued interest receivable	(226,906)	(32,287)
Inventory	7,499	(9,430)
Prepaid expense	(23,309)	84,077
Accounts payable	152,352	(118,654)
	4,870,957	5,090,752
INVESTING		
Fixed asset acquisitions	(3,421,233)	(2,212,050)
Proceeds on disposal of fixed assets	3,855	800
	(3,417,378)	(2,211,250)
FINANCING		
Repayment of long-term debt	(50,000)	(50,000)
Investments (appropriated) utilized for harbour improvements	(1,693,036)	(2,981,764)
	(1,743,036)	(3,031,764)
(DECREASE) INCREASE IN CASH RESOURCES	(289,457)	(152,262)
CASH RESOURCES – Beginning of year	524,332	676,594
CASH RESOURCES – End of year	$ 234,875	$ 524,332

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1989

1. SIGNIFICANT ACCOUNTING POLICIES

The Commissioners have adopted the following accounting policies:

(a) Revenue and expense are accounted for on the accrual basis.

(b) Fixed Assets and Depreciation
Fixed assets are recorded at acquisition cost. Depreciation is provided on a straight-line basis at rates designed to amortize the cost over the useful lives of the assets:

Docks and improvements	– 2%, 5%, 10%, 20%
Buildings	– 2-1/2%, 5%, 10%, 20%
Vessels and equipment	– 10%, 15%, 20%

(c) Inventory
Inventory is recorded at the lower of cost, determined on a first-in, first-out basis and replacement cost.

(d) Grant Recognition
Capital grants are recorded, when receivable, as an increase in General Capital.

2. EQUIPMENT LOAN

The loan, which is part of an agreement whereby the Commissioners have secured the use of two cranes, is due in 5 years with interest at 9% to be paid monthly. The loan is secured by a first charge against equipment.

3. RESERVE FOR FUTURE HARBOUR IMPROVEMENTS

During the year, the Commissioners transferred $1,693,036 to the reserve for future harbour improvements. The balance in the reserve, amounting to $14,100,000, is set aside for future capital expenditures. The reserve funds are invested in short-term deposits.

In 1989, the Commissioners approved a five-year capital budget in the aggregate amount of $40,135,000.

4. FIXED ASSETS

	Cost	Accumulated Depreciation	Net Book Value 1989	Net Book Value 1988
Land, docks and harbour improvements	$37,021,723	$10,825,677	$26,196,046	$26,507,499
Buildings	8,310,355	6,136,320	2,174,035	2,392,878
Equipment and vessels	5,623,050	4,409,582	1,213,468	751,231
Capital development in progress	6,981,933		6,981,933	4,848,970
	$57,937,061	$21,371,579	$36,565,482	$34,500,578

5. LONG-TERM DEBT

	1989	1988
Debentures payable		
Government of Canada, 4-1/8%, to be paid before the year 2005	$ 525,000	$ 575,000
Current portion	50,000	50,000
	$ 475,000	$ 525,000

The Commissioners are repaying the principal sum at $50,000 per annum.

6. PENSION PLANS

A non-contributory defined benefit final average pension plan exists for salaried employees. A contributory defined benefit career average pension plan exists for those employees who are members of C.U.P.E. Local 958.

Based on actuarial reports prepared in the past two years, pension benefits and the market value of net assets available to provide for these benefits as at December 31, 1989 are estimated as follows:

	Salaried Employees' Plan	C.U.P.E. Employees' Plan
Accrued pension benefits	$2,838,000	$235,000
Pension fund assets	3,842,000	343,000

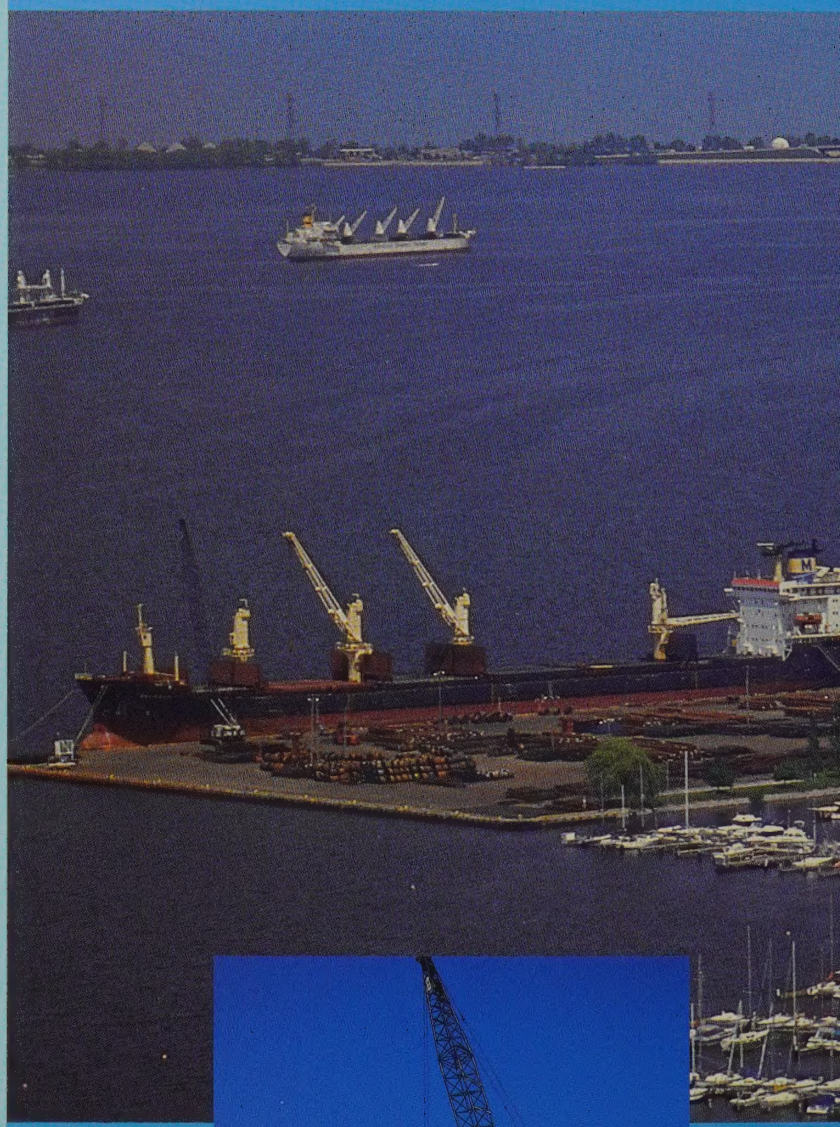
The excess of pension fund assets over the accrued pension benefits of the plans is expected to be utilized to fund current service contributions and/or enhance future pension benefits.

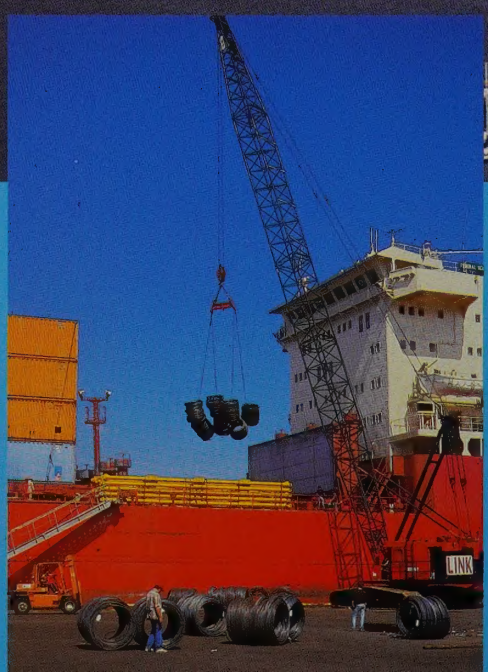
Pension fund expense for the year has been reduced to zero by the draw down of $60,000 from the excess of assets over accrued benefits.

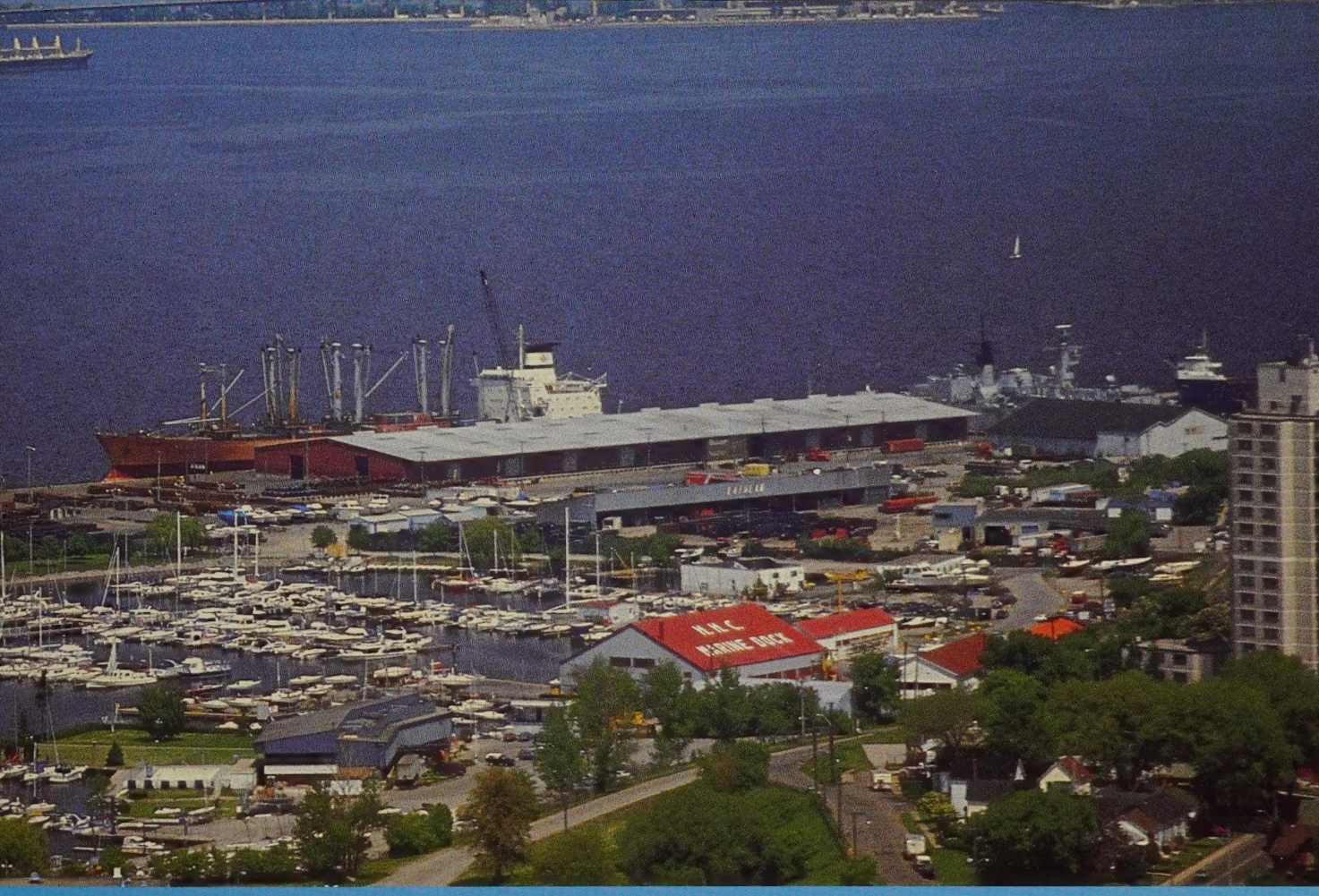
1989 PORT HIGHLIGHTS AND ACTIVITIES

WINDERMERE BASIN REHABILITATION

The Hamilton Harbour Commissioners acted as construction managers for the five-party funding consortium (Federal, Provincial, Regional and City Governments, and the Commissioners) that is financing the environmental cleanup of Windermere Basin. A substantial portion of the 100 acre dredging reclamation project was completed in 1989.







HAMILTON – A SHIPPING AND RECREATIONAL HARBOUR

The Port of Hamilton again affirmed its importance as a vital link in the Great Lakes and Saint Lawrence Seaway marine transportation system. A total of 772 commercial ships called in 1989, making the Port one of the foremost destination points for Seaway traffic.

The Commissioners are also committed to expanding the recreational use of the Harbour. The new public launching ramp at Fisherman's Pier was used by over 5,000 boaters during 1989. The HHC Sailing School provided instruction to over 3,250 students during its 15th season of operation.

The Ports' full service marina experienced another busy season and again was utilized to full capacity. Expansion is planned for next year.

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